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A. J. Bell
LISTING STATEMENT No. 2259

LISTED MAY 18, 1967
215,000 class A shares without nominal or par value.
Ticker abbreviation "SHWA"
Dial Ticker Number 1801
Post Section 11

THE TORONTO STOCK EXCHANGE

LISTING STATEMENT

L. E. SHAW LIMITED

Incorporated under the laws of the Province of Nova Scotia
by memorandum of association dated May 6, 1931.

CLASS A SHARES WITHOUT PAR VALUE
(Transferable in Toronto, Montreal, Halifax, Saint John and Winnipeg)

CAPITALIZATION AS AT APRIL 15, 1967

SHARE CAPITAL	AUTHORIZED	ISSUED AND OUTSTANDING	TO BE LISTED
Class A shares without nominal or par value, non-voting, entitled to a cumulative preferential dividend of 60¢ per share per annum, fully participating with the Class B shares	258,000	215,000	215,000
Class B shares without nominal par value	342,000	285,000	None

FUNDED DEBT

LONG-TERM DEBT OF THE COMPANY

Bank indebtedness due December 31, 1968, secured by a First Mortgage Bond	\$800,000	\$800,000	Nil
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LONG-TERM DEBT OF THE COMPANY'S SUBSIDIARY, NOVA SCOTIA SAND & GRAVEL LIMITED

6½ % First Mortgage loan, repayable \$1,200 per month	\$120,000	\$ 42,700	Nil
7% Second Mortgage loan, repayable \$620 per month	\$ 31,000	\$ 22,320	Nil
3% Subordinated Mortgage, due April 30, 1975	\$ 32,950	\$ 32,950	Nil

April 15, 1967

1.

APPLICATION

L. E. SHAW LIMITED (herein called the "Company") hereby makes application for the listing on The Toronto Stock Exchange of 215,000 Class A shares without par value of the Company (herein sometimes called the "Class A shares") of which 215,000 have been issued and are outstanding as fully-paid and non-assessable.

2.

REFERENCE TO PROSPECTUS

Reference is hereby made to the attached prospectus issued by the Company under date of March 17, 1967 with respect to the offering of 215,000 Class A shares of the Company, a copy of which prospectus is hereby incorporated in this application and made part hereof.

3. SHARE ISSUES DURING THE PAST TEN YEARS

(a) 5% redeemable preference shares of a par value of \$100 each

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
December 17, 1964	1,000	\$100	\$100,000	Stock dividend by capitalization of \$100,000 of retained earnings and issue of corresponding amount of preference shares. These shares were completely redeemed before the end of 1965.

(b) Class A shares without nominal or par value

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
December 30, 1966	215,000			Conversion of the existing 1,000 common shares without nominal or par value, having a total stated value of \$5,000, into Class A and Class B shares.

(c) Class B shares without nominal or par value

DATE OF ISSUE	NO. OF SHARES ISSUED	AMOUNT REALIZED PER SHARE	TOTAL AMOUNT REALIZED	PURPOSE OF ISSUE
December 30, 1966	285,000			Conversion of the existing 1,000 common shares without nominal or par value, having a total stated value of \$5,000, into Class A and Class B shares.

4. LISTING ON OTHER STOCK EXCHANGES

The Class A shares of the Company are also being listed on the Montreal Stock Exchange. None of the other securities of the Company or of any of its subsidiaries or controlled companies are listed on any stock exchange.

5. STATUS UNDER SECURITIES ACTS

The said 215,000 Class A shares without nominal or par value offered for sale by the above mentioned prospectus were qualified for sale to the public through registered brokers in each of the Provinces of Canada.

6. FISCAL YEAR

The fiscal year of the Company ends on December 31 in each year.

7. ANNUAL MEETING

The Articles of Association of the Company provide that the annual meeting of shareholders shall be held at such time and place as may be determined by the Directors. The last annual meeting of the Company was held on March 8, 1967 at the head office of the Company.

8. HEAD OFFICE AND OTHER OFFICES

The registered and head office of the Company is 5121 Sackville Street, Halifax, Nova Scotia. The Company has plant offices at Lantz, Hants County, Nova Scotia; Chipman, New Brunswick; P.O. Box 187, New Glasgow, Nova Scotia; 387 Windmill Road, Dartmouth, Nova Scotia; Prince Street, Sydney, Nova Scotia; R.R. #1, Enfield, Halifax County, Nova Scotia; P.O. Box 924, Saint John, New Brunswick; P.O. Box 1221, Fredericton, New Brunswick; P.O. Box 664, Bedford, Halifax County, Nova Scotia; 2658 Clifton Street, Halifax, Nova Scotia.

The registered and head office of Modern Homes Limited is 5121 Sackville Street, Halifax, Nova Scotia. The head office of Pelly-Shaw Newfoundland Limited is 5121 Sackville Street, Halifax, Nova Scotia; that Company has a plant office at Milton, Newfoundland. The registered and head office of Nova Scotia Sand & Gravel Limited is 1541 Barrington Street, Halifax, Nova Scotia; that Company has a plant office at Box 322, Shubenacadie, Hants County, Nova Scotia.

9. TRANSFER AGENT AND REGISTRAR

Eastern & Chartered Trust Company at its principal transfer offices in Toronto, Montreal, Halifax, Saint John and Winnipeg is the transfer agent and registrar for the Class A shares of the Company.

10. TRANSFER FEE

No fee is charged on the transfer of the Class A shares other than the customary Government stock transfer taxes.

March, 1967

A copy of this prospectus has been filed for registration with the Registrar of Joint Stock Companies under the Companies Act of Nova Scotia. No Securities Commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereby, and any representation to the contrary is an offence.

OUTSTANDING ISSUE

215,000 Class A shares
(without nominal or par value)

L. E. SHAW LIMITED

(Incorporated under The Nova Scotia Companies Act)

The holders of the Class A shares have the right to fixed cumulative preferential dividends if, as and when declared, at the rate of 60 cents per share per annum payable semi-annually on the last days of June and December in each year, and, after payment of non-cumulative cash dividends if, as and when declared totalling 60 cents per share on any outstanding Class B shares in such year, the Class A shares and Class B shares shall participate equally in any further dividends in such year, share and share alike. Dividends on the Class A shares will accrue from April 6, 1967. The provisions, rights (including restricted voting rights), priorities, restrictions, limitations and conditions attached to the Class A shares are fully set forth in paragraph 8 of the statutory information forming part of this prospectus.

Applications have been made to list the Class A shares on The Toronto Stock Exchange and the Montreal Stock Exchange. Acceptance of the listings will be subject to the filing of required documents and evidence of satisfactory distribution both within 90 days.

In the opinion of Counsel, the Class A shares will be investments in which the Canadian & British Insurance Companies Act states that a company registered under Part III thereof may invest its funds, without resorting to subsection (4) of Section 63 of such Act.

Transfer Agent & Registrar: Eastern & Chartered Trust Company,
Halifax, Saint John, Montreal, Toronto and Winnipeg

We, as principals, offer the Class A shares subject to prior sale and change in price, if, as and when accepted by us and subject to the approval of all legal matters on behalf of the Company and the vending shareholders by Messrs. Daley, Black, Moreira & Piercey, Halifax, and on our behalf by Messrs. Stewart, MacKeen & Covert, Halifax.

PRICE: \$9.00 Per Share to Yield About 6.66%

OFFERING			
<u>Price to Public</u>	<u>Proceeds to Underwriter</u>	<u>Proceeds to Company</u>	<u>Proceeds to Selling Shareholders</u>
Per Share _____	\$9.00	\$0.60	Nil
Total _____	\$1,935,000	\$129,000	\$8.40 \$1,806,000

At the present time there is no market for these securities and the offering price is a negotiated price.

Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that the Class A share certificates will be available for delivery on or about April 6, 1967.

This prospectus is not, and under no circumstances is to be construed as, a public offering of the Class A shares for sale in the United States of America or in the territories or possessions thereof.

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The following information has been supplied by the President of L. E. Shaw Limited.

THE COMPANY

L. E. Shaw Limited (hereafter called the Company), head office Halifax, Nova Scotia, was incorporated under The Nova Scotia Companies Act in 1931 to acquire among other things a brick manufacturing business founded in 1861. Members of the founder's family are the principal shareholders of the Company. Today, the Company is the major manufacturer and supplier of clay brick and structural tile in the Atlantic Provinces (Nova Scotia, New Brunswick, Newfoundland and Prince Edward Island) and a leading manufacturer and supplier of concrete pipe, concrete block, architectural concrete wall panels and precast and pre-stressed structural concrete in the region. Architectural concrete, concrete block and clay brick are three of the most widely used materials in the construction of interior and exterior building walls.

Because brick and concrete products are heavy and relatively inexpensive materials, transportation is an important factor in the geographic determination of markets. Location of operation in relation to competition and markets is particularly significant to profitability in this industry. The Company's plants are well located in relation to markets, competition, and supply of clay, gravel and cement, the basic raw materials. The Company and its subsidiaries own and operate 16 plants, of which 11 are in Nova Scotia, 4 in New Brunswick, and 1 in Newfoundland. The brick and tile plants have an annual rated capacity equivalent to 54,000,000 bricks. The concrete pipe and concrete block plants are rated respectively at 250 tons and 30,500 8-inch blocks per eight hour shift. During the past several years the Company has expanded and modernized its facilities and has acquired long-term reserves of clay, fire clay, sand and gravel.

A subsidiary, Nova Scotia Sand & Gravel Limited (hereafter called Nova Scotia Sand), is the principal supplier in Nova Scotia of concrete aggregate and industrial and filler sand. The Newfoundland subsidiary, Pelly-Shaw Newfoundland Limited, has the only clay brick plant in Newfoundland and is well located to supply that market. Another subsidiary, Modern Homes Limited, has real estate interests.

MARKETS

The major marketing area for the Company's products is the Atlantic Provinces. The Company also makes sales in Quebec, Ontario, Maine and Bermuda.

The economic outlook for the Atlantic Provinces is encouraging. During the last 10 years a determined effort has been made, jointly by industry and government, for the region to participate to a far greater extent in national growth and prosperity. Stimulation and growth of the respective provincial economies has been aided through regional agencies including the Atlantic Provinces Economic Council (APEC); by provincial organizations such as Industrial Estates Limited and the Voluntary Economic Planning Board of Nova Scotia and comparable agencies in the other Atlantic Provinces; and by the Area Development Agency and the Atlantic Development Board of Canada.

In 1966, concrete products were approximately two-thirds of the Company's own sales, and clay products the remainder. Sales in 1966 were distributed approximately equally between the public and private sectors of the economy. Projects in the public sector included university and school buildings, hospitals, public housing, sewage and drainage systems, bridges and highway culverts. Projects in the private sector included office buildings, factories, shopping centres, motels, apartment buildings, private housing and farm drainage.

The total volume of new construction in the Atlantic Provinces for the past 6 years has been as follows:

1961	\$563,833,000
1962	\$598,994,000
1963	\$595,172,000
1964	\$637,119,000
1965	\$753,340,000
1966	\$827,283,000 (June, 1966, estimate)

Source: Dominion Bureau of Statistics.

During the past two years the Company's own sales have increased at a significantly greater rate than construction generally in the Atlantic Provinces. The most important contributing factor was the introduction of prestressed and architectural concrete products. Other factors are growth in urban centres, which favours the marketing of the permanent type of construction materials in which the Company specializes, and the growing demand for engineered sewer systems and highway construction using concrete culvert pipe.

OPERATIONS

Plant Locations and Principal Products

The location of the 16 plants of the Company and its subsidiaries and the principal products produced at each are as follows:

<u>Plant</u>	<u>Location</u>	<u>Principal Products</u>
Clay Products Plants:		
	Lantz, N.S.	Brick, structural tile, flue-lining, drainage tile
	New Glasgow, N.S.	Brick, structural tile
	Chipman, N.B.	Brick, structural tile, fluelining, drainage tile, acid resisting brick
	*Milton, Nfld.	Brick
Concrete Pipe Plants:		
	Lantz, N.S.	Rubber gasket concrete pipe, cattle passes, culvert pipe
	Sydney, N.S.	Rubber gasket concrete pipe, culvert pipe
	Saint John, N.B.	Rubber gasket concrete pipe, culvert pipe
Concrete Products Plants:		
	Dartmouth, N.S.	Concrete block, Thermocrete® block, Artistone, pavers
	Sydney, N.S.	Concrete block, Thermocrete® block
	Wellington, N.S.	Manholes, septic tanks, sidewalk slabs, concrete block, Thermocrete® block
	New Glasgow, N.S.	Concrete block, Thermocrete® block
	Fredericton, N.B.	Concrete block, Thermocrete® block, concrete brick
	Saint John, N.B.	Concrete block, Thermocrete® block
Structural Concrete Plant:		
	Bedford, N.S.	Architectural concrete wall panels, prestressed single and double tees, prestressed bridge girders
Sand and Gravel:	**Shubenacadie, N.S.	Graded and washed sand and gravel aggregates, mortar sand, blasting sand, filter sand, fillers
Mortar Plant:	Halifax, N.S.	Ready-mixed mortar

*The Newfoundland plant is owned by Pelly-Shaw Newfoundland Limited, a subsidiary of the Company.

**The sand and gravel plant is owned by Nova Scotia Sand & Gravel Limited, a subsidiary of the Company.

Clay Products

The clay products plants of the Company and its subsidiaries all use the extrusion method of manufacturing brick and tile. Equipment includes three modern tunnel kilns and fifteen oil fired round periodic kilns. Three 40 foot insulated steel jacket periodic kilns were installed at the Lantz plant during 1966. These kilns permit increased production and lower costs and will enable the Company to manufacture two major new products: buff facing tile and certain types of fire brick.

The Company produces brick in a wide variety of colours—red, buff, brown, black, grey and various blends—depending upon the types and proportions of clay and shale used. All clay products are manufactured to meet the applicable specifications of the American Society for Testing and Materials (ASTM) and the Canadian Standards Association (CSA).

Concrete Pipe

The Company's first and largest concrete pipe plant was built in 1946 at Lantz, approximately 30 miles from Halifax. Subsequently it has been completely rebuilt and expanded, with the last major expansion being completed during 1966. The Saint John pipe plant commenced production in 1949 and was completely re-equipped in 1964. The Sydney pipe plant came into operation in 1966.

Major equipment used in the production of concrete pipe includes three new Packerhead pipe machines with weigh batchers, batch mixers, a Cumflow counterflow mixer and two drycast vibrating machines. Included at the Lantz plant is a new 400 h.p. boiler used for processing and heating.

Concrete pipe is manufactured in sizes ranging from 4" to 72" in diameter and is used for municipal sewage systems, storm drains, highway culverts, and drainage for highways, railroads, and airports. The Company's scheduled testing programmes ensure that the quality of the products manufactured at the concrete pipe plants exceeds applicable ASTM standards.

Concrete Block

The Company began producing concrete block in 1945. All the concrete block plants are equipped with Columbia or Go-Corp automated equipment. Concrete block is produced in a variety of sizes, shapes and colours from specially selected sand-gravel aggregates combined with portland cement and other additives. Concrete block is manufactured to applicable ASTM and CSA standards and is used for load-bearing and non-load-bearing exterior and interior walls and foundations.

The Company manufactures light weight concrete block under the trade name "Thermocrete". The gravel normally used in manufacturing concrete block is replaced by light weight aggregates. Thermocrete block is manufactured to applicable ASTM and CSA standards and is extensively used exposed for churches, schools and university and other institutional buildings.

Architectural and Structural Concrete

In 1964 a separate division of the Company was formed to manufacture and market structural concrete. In 1965, a new plant was built, at a cost of approximately \$432,000, on a 15 acre site at Bedford about 10 miles from Halifax. In addition to the modern plant building, major equipment includes a 150 h.p. boiler, a concrete batching plant with counterflow mixer, a 15 ton bridge crane and two prestressing beds — 240' double tee bed, and a universal bed used in the manufacture of all types of structural concrete components.

The architectural concrete wall panels used as an exterior facing material are available in a wide range of shapes, sizes, designs and colours. The double tees (concrete beams) are used for walls, roofs and floors. Clear spans of 60' are obtainable. Bridge girders can be supplied up to a 100' span.

QUALITY CONTROL

Manufacturing specifications have been prepared for the products manufactured by the Company. Quality is controlled by a continuous integrated testing and inspection programme carried out under the direction of the Company's engineering staff. Clay and concrete laboratories are maintained in Halifax. These laboratories have specialized equipment but share the freeze thaw chamber, extensive compressive testing equipment, and screen and chemical analysis equipment.

RAW MATERIALS

Clay

The Company owns red clay deposits adjacent to each of its clay product plants. Management estimates that these deposits contain enough red clay, based on foreseeable requirements, for about 75 years at each plant. The Company's buff-burning fire clay deposits are located at Shubenacadie, about 8 miles from the Company's Lantz plant. In addition to buff clay pits operated at present, the Company has exclusive rights on a royalty basis for the use of all buff clay on certain adjoining property. Management estimates that the buff clay deposits being worked and those for which the Company has exclusive mining rights are sufficient for about 20 years. The Company also owns or has right to lands prospective for additional buff clay and red clay, but not sufficient exploration has been done to assess the mining value, if any, of such lands.

All clay deposits are readily accessible by shovel and bulldozer, and over-burden is minimal. Mining of clay is carried out on a year-round basis except for Shubenacadie where it is done during the summer only, with winter requirements being stockpiled.

The clay deposits worked by Pelly-Shaw Newfoundland Limited are held under a long-term lease from the Province of Newfoundland.

Cement and Aggregate

The Company purchases portland cement from cement plants located at Havelock, New Brunswick and Brookfield, Nova Scotia. Light weight aggregates are purchased under an exclusive distribution contract from the steel plant at Sydney, Nova Scotia. Nova Scotia Sand supplies aggregate to the Company's plants at Lantz, Dartmouth, Wellington, Halifax and Bedford. The other Company concrete products plants purchase their aggregate requirements from local sources.

PLANT AND EQUIPMENT VALUATION

Buildings, plant, and equipment are carried on the Company's Consolidated Balance Sheet as at December 31, 1966, at a net figure of \$1,699,611. Fire insurance carried on the Company's buildings, plant, and equipment at December 31, 1966, was \$3,067,500. It is not considered necessary to carry insurance on periodic kilns used in the firing of brick.

An appraisal report prepared by Dominion Appraisal Co., Limited dated December 10, 1965, on certain physical assets, consisting of buildings and equipment owned by the Company, estimated their replacement value at \$6,625,258 and their depreciated replacement value at \$4,901,807. Excluded from the appraisal report were land values, value of clay deposits and values of the Company's subsidiaries — Pelly-Shaw Newfoundland Limited, Modern Homes Limited and Nova Scotia Sand.

SUBSIDIARIES

Nova Scotia Sand & Gravel Limited

In 1966, the Company purchased 75% of the shares of Nova Scotia Sand. This purchase was made primarily to assure the Company's raw material requirements of sand and gravel in the Halifax-Dartmouth and Lantz area. Its production, however, is considerably more than the Company's requirements and Nova Scotia Sand is the principal supplier of aggregate for concrete and of industrial and filler sand in Nova Scotia. It markets a substantial volume of industrial sand used for sand blasting, fillers, in commercial fertilizers and for other commercial and industrial purposes. In addition, Nova Scotia Sand has a large commercial silica sand deposit. The main use for this sand is for filtering.

Modern Homes Limited

Modern Homes Limited, a wholly-owned subsidiary of the Company, was caused to be incorporated in 1936 by the Company primarily for the purpose of promoting the use of brick for house construction. Its principal asset today consists of about 28% of the common shares of Clayton Development Limited. Clayton Development Limited, in turn, owns 29% of the shares of Clayton Properties Limited. These two latter companies are jointly developing 290 acres in Rockingham, a suburb immediately adjacent to Halifax. This project will contain single-family and semi-detached residential dwellings, schools, churches and commercial areas and is considered to be one of the finest planned communities in the Atlantic Provinces. As of December 31, 1966, approximately 336 houses had been completed and occupied.

Pelly-Shaw Newfoundland Limited

During 1965, the Company acquired 51% of the shares of C. & M. Pelly Limited, a brick manufacturing company at Milton, Newfoundland, approximately 125 miles from St. John's. The name subsequently was changed to Pelly-Shaw Newfoundland Limited. Since the company was acquired numerous changes have been made. These include the installation of extrusion equipment, the addition of several new colours of brick and the up-grading of the quality of brick to the standards maintained by the parent.

CAPITAL EXPENDITURES

In the years 1960 to 1964 inclusive the Company made capital expenditures of \$896,000. In 1965, the Company invested approximately \$710,000 including the expenditures on the structural concrete plant at Bedford, new concrete block equipment at the Dartmouth plant, and the purchase of the interest in Pelly-Shaw Newfoundland Limited. The Company's capital expenditures in 1966 totalled approximately \$918,000. The major items were additions to concrete pipe plants, three new periodic kilns, and the purchase of the interest in Nova Scotia Sand.

MANAGEMENT AND PERSONNEL

Some particulars of the management group are as follows:

Name	Age Dec. 31/66	Years with the Company	Present Position
R. H. Shaw, B.Sc.	58	38	Chairman of the Board
L. R. Shaw, M.A. (Economics)	52	20	President and General Manager
R. E. Johnson	60	30	Vice-President — Planning
H. W. Peck, F.C.I.S.	52	13	Secretary-Treasurer
R. R. Shaw, B.Sc. (Ceramics Eng.)	33	8	Manager of Engineering
K. K. Rawding	44	19	Manager of Manufacturing
H. M. Wright, B.Sc. (Geology)	42	14	Assistant General Manager
S. E. Acker, B.Sc. (Civil Eng.)	42	3	General Manager, Structural Concrete Division

At December 31, 1966, the Company and its subsidiaries had approximately 500 full-time employees, of which 32 had more than 25 years' service with the Company or its subsidiaries and an additional 142 employees had more than 10 years' service. Thirteen plants are unionized and three non-unionized. The Company has had excellent personnel and industrial relations throughout its history. Employee benefits include a trusteed pension plan, group life insurance, sickness and accident benefits not covered by Workmen's Compensation, and a long term disability plan.

CAPITALIZATION

The capitalization of the Company, as shown in the accompanying Consolidated Balance Sheet of the Company and Subsidiary Companies at December 31, 1966, is as follows:

	<u>Authorized</u>	<u>Outstanding</u>
Long-Term Debt of the Company		
Bank Indebtedness due December 31, 1968	\$800,000	\$800,000
Secured by a first mortgage bond		
Long-Term Debt of the Company's Subsidiary, Nova Scotia Sand & Gravel Limited		
6½% first mortgage loan, repayable \$1,200 per month	\$ 46,300	
7% second mortgage loan, repayable \$620 per month	24,180	
3% subordinated mortgage, due April 30, 1975	32,950	
Minority Interest in Subsidiary Companies		
Preferred shares	\$ 7,100	
Common shares and retained earnings	39,073	
Capital Stock		
Class A shares without nominal or par value	258,000 shs.	215,000 shs.
Class B shares without nominal or par value	342,000 shs.	285,000 shs.

DIVIDEND REQUIREMENTS

The maximum fixed preferential dividend requirements of the Class A shares at present outstanding are \$129,000 a year. The consolidated statement of earnings of the Company and its subsidiaries appearing elsewhere in this prospectus for the years ended December 31, 1962 to 1966, inclusive show average consolidated net earnings after provision for taxes on income for the five years of \$236,851, which would have been about 1.8 times the annual dividend requirements of the Class A shares at present outstanding. The statement for the year ended December 31, 1966, shows consolidated net earnings after provision for taxes on income of \$445,907, which would have been about 3.4 times the annual dividend requirements of the Class A shares presently outstanding.

FINANCIAL STATEMENTS

The following financial statements together with the notes thereto and the reports thereon of the auditors are attached.

Consolidated Statement of Earnings of L. E. Shaw Limited and Subsidiary Companies for the 10 years ended December 31, 1966.

Consolidated Statement of Retained Earnings of L. E. Shaw Limited and Subsidiary Companies for the 10 years ended December 31, 1966.

Consolidated Balance Sheet of L. E. Shaw Limited and Subsidiary Companies as at December 31, 1966.

L. E. SHAW LIMITED AND SUBSIDIARY COMPANIES

Consolidated Statement of Earnings (Note 1) for the ten years ended December 31, 1966

Year ended December 31	Sales	Consolidated net earnings from operations before deducting depreciation and income taxes	Depreciation (Note 2)	Consolidated net earnings before income tax	Provision for income taxes (Note 3)	Consolidated net earnings (Notes 2, 4 and 7)
1957	\$3,272,270	\$330,740	\$244,814	\$ 85,926	\$ 38,522	\$ 47,404
1958	3,476,585	465,966	220,785	245,181	106,192	138,989
1959	3,832,686	523,193	215,407	307,786	162,027	145,759
1960	3,743,092	590,728	223,737	366,991	172,185	194,806
1961	3,614,573	368,171	201,124	167,047	72,877	94,170
1962	3,681,450	407,424	182,544	224,880	98,649	126,231
1963	3,633,477	391,543	169,142	222,401	114,568	107,833
1964	3,964,900	535,334	180,784	354,550	128,481	226,069
1965	5,973,160	759,022	246,367	512,655	234,437	278,218
1966	6,827,230	1,155,202	272,877	882,325	436,418	445,907

Consolidated Statement of Retained Earnings (Note 1) for the ten years ended December 31, 1966

Year ended December 31	Balance beginning of year	Consolidated net earnings for the year	Gains on disposal of assets	Miscellaneous adjustments debit (credit)	Transfers (from) to capital redemption reserve fund (Note 5)	Dividends		Balance end of year
						Preference shares	Common shares	
1957	\$ 718,766	\$ 47,404	\$ —	\$ (1,437)	\$ 20,000	\$ 6,500	\$ 5,500	\$ 735,607
1958	735,607	138,989	—	1,820	20,000	5,500	5,500	841,776
1959	841,776	145,759	57	1,005	20,000	4,500	5,500	956,587
1960	956,587	194,806	13,423	235	20,000	3,500	5,500	1,135,581
1961	1,135,581	94,170	20,725	—	20,000	2,500	5,500	1,222,476
1962	1,222,476	126,231	103,305	(19,879)	50,000	—	5,500	1,416,391
1963	1,416,391	107,833	10,000	16,491	—	—	45,000	1,472,733
1964	1,472,733	226,069	23,836	39,733	(240,000)	—	100,000*	1,822,905
1965	1,822,905	278,218	—	11,243	40,000	—	40,000	2,009,880
1966	2,009,880	445,907	9,298	(53,707)	—	—	80,000	2,438,792

*Stock dividend in preference shares which subsequently were redeemed.

The accompanying notes are an integral part of the consolidated statement of earnings and the consolidated statement of retained earnings.

L. E. SHAW LIMITED AND SUBSIDIARY COMPANIES

Notes to Consolidated Statements of Earnings and Retained Earnings
for the ten years ended December 31, 1966

Notes

1. L. E. Shaw Limited acquired on August 6, 1965, 51% of the issued share capital of C. & M. Pelly Limited, and on March 23, 1966, 75% of the issued six per cent non-cumulative redeemable preferred shares and 75% of the issued common shares of Nova Scotia Sand & Gravel Limited. The December 31, 1965, operating loss of C. & M. Pelly Limited and the March 31, 1966, profit of Nova Scotia Sand & Gravel Limited have been taken into consolidated income on the basis of the percentage of ownership and the number of days of ownership in the year. The operating results of Modern Homes Limited, a wholly-owned subsidiary, have been included in consolidated income during the ten-year period.
2. Prior to 1966 the Company recorded depreciation at rates equivalent to maximum capital cost allowances for purposes of income tax with the exception that commencing in 1964, allowances permitted by income tax incentive legislation, although claimed, were not recorded. During 1966 the Company adopted the straight line method of depreciation. Had the same basis been used as was followed in 1965, consolidated depreciation and net earnings would have been \$372,289 and \$396,199 respectively.
3. Included in the provision for income taxes for the three years ended December 31, 1966, are amounts of \$2,904, \$73,285 and \$288,830 representing income taxes otherwise payable in respect of those years payment of which has been deferred by reason of the Company claiming for tax purposes capital cost allowance and other deductions in excess of the amounts recorded in the accounts. The remainder of accumulated tax reductions applicable to future years is made up of \$54,892 referred to in Note 6 below and \$12,572 through acquisition of Pelly-Shaw Newfoundland Limited. Provision for income taxes reflected in the consolidated statement of earnings have been adjusted where necessary to actual amounts paid or payable by the Company and its subsidiaries on the basis of assessment notices issued for 1964 and prior years. For the years for which no assessments have been received, adequate provision has been made and no material adjustments are expected to occur.
4. During 1963 the Company adopted direct costing for inventory valuation purposes. The effect on income resulting from this change in inventory determination was not material.

5. Analysis of capital redemption reserve fund:

Balance at January 1, 1957	\$150,000
Net transfers to retained earnings	50,000
Balance at December 31, 1966	\$100,000

6. The consolidated statements of earnings and retained earnings incorporate in the years affected, any adjustments which had subsequently been made through retained earnings, except in 1966. In that year the account accumulated depreciation was reduced by \$109,784 to adjust it to the amounts required in the aggregate for individual assets, because of the change of the method in calculating depreciation referred to in Note 2, and retained earnings and accumulated tax reductions applicable to future years were each credited with \$54,892.
7. 1966 consolidated net earnings are stated after charging \$4,090 interest on the long-term debt of Nova Scotia Sand & Gravel Limited. The long-term debt of L. E. Shaw Limited became so by agreement in December, 1966, so that there will be no interest on long-term debt as such until 1967 when the consolidated requirement is expected to be approximately \$50,000.

AUDITORS' REPORT

To the Directors,
L. E. Shaw Limited.

We have examined the consolidated statements of earnings and retained earnings of L. E. Shaw Limited and subsidiary companies for the ten years ended December 31, 1966, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated statements of earnings and retained earnings present fairly the results of operations and the changes in retained earnings of the companies for the ten years ended December 31, 1966, in accordance with generally accepted accounting principles applied, except for the change in recording depreciation and valuing inventories referred to in Notes 2 and 4 with which we approve, on a consistent basis.

Halifax, N.S.,
February 4, 1967.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants

L. E. SHAW LIMITED AND SUBSIDIARY COMPANIES
Consolidated Balance Sheet (Note 1) as at December 31, 1966

<u>Assets</u>	
CURRENT ASSETS	
Cash	\$ 76,713
Accounts receivable, trade	1,265,217
Inventories (Note 2)	1,192,989
Prepaid expenses	4,573
	2,539,492
INVESTMENTS AND ADVANCES	
Investment in Clayton Development Limited, shares at cost and advances	\$ 59,900
Mortgages and cash surrender value of life insurance	46,494
Other	2,039
	108,433
SPECIAL REFUNDABLE TAX and accrued interest	
FIXED ASSETS (Note 3)	
Properties, plants and equipment, at cost	5,360,664
Accumulated depreciation and depletion	3,090,373
	2,270,291
OTHER ASSETS	
Excess of cost of shares of subsidiaries over the net book value of their assets	89,721
	\$ 5,026,161
<u>Liabilities</u>	
CURRENT LIABILITIES	
Bank indebtedness	\$ 346,565
Accounts payable and accrued	655,600
Income and other taxes	103,118
Current maturities on long-term debt	21,840
	1,127,123
LONG-TERM DEBT (Note 4)	
MINORITY INTEREST IN SUBSIDIARY COMPANIES	
Preferred shares	\$ 7,100
Common shares and retained earnings	39,073
	46,173
ACCUMULATED TAX REDUCTIONS APPLICABLE TO FUTURE YEARS (Note 5)	
CONTINGENT LIABILITIES (Note 6)	
	427,483
	2,482,369
<u>Shareholders' Equity</u>	
CAPITAL STOCK (Note 7)	
Authorized—	
258,000 Class A shares without nominal or par value	
342,000 Class B shares without nominal or par value	
Issued—	
215,000 Class A shares	2,150
285,000 Class B shares	2,850
CAPITAL REDEMPTION RESERVE FUND (Note 8)	100,000
RETAINED EARNINGS	2,438,792
	2,543,792
	\$ 5,026,161

The accompanying notes are an integral part of this consolidated balance sheet.

SIGNED ON BEHALF OF THE BOARD

(Signed) L. R. Shaw, Director. (Signed) R. H. Shaw, Director.

Notes to Consolidated Balance Sheet
L. E. SHAW LIMITED AND SUBSIDIARY COMPANIES
December 31, 1966

Notes

1. Consolidation

The consolidated financial statements include the accounts of Modern Homes Limited, a wholly owned subsidiary, and those of Pelly-Shaw Newfoundland Limited (formerly C. & M. Pelly Limited) 51% owned, and Nova Scotia Sand & Gravel Limited 75% owned.

2. Inventories

Finished goods	\$928,353
Work in progress	20,325
Raw materials	244,311
	\$1,192,989

Raw materials have been valued at cost, and other inventory at cost of material, labour and direct expenses. Inventory valuations are not in excess of market.

3. Fixed Assets

	Cost	Accumulated depreciation and depletion	Net
Land, roads and sidings	\$ 202,948	\$ 69,369	\$ 133,579
Buildings	1,397,994	770,726	627,268
Plant and equipment	2,713,574	1,641,231	1,072,343
Vehicles, portable equipment and mining plant	1,046,148	609,047	437,101
	\$5,360,664	\$3,090,373	\$2,270,291

4. Long-term Debt

L. E. SHAW LIMITED

Bank indebtedness due December 31, 1968

Secured by a first mortgage bond constituting a fixed and floating charge on the assets of the Company, bearing interest at the rate of 5% in the principal amount of \$800,000, issued as collateral security to secure a capital bank loan payable by the Company. The collateral indebtedness which the first mortgage bond secures presently bears interest at the rate of 6%. The first mortgage bond is more particularly described in paragraph 9 (a) of the statutory information.

NOVA SCOTIA SAND & GRAVEL LIMITED

6½% first mortgage loan repayable \$1,200 per month

\$46,300

7% second mortgage loan repayable \$620 per month

24,180

Each loan is secured by a mortgage on land and a chattel mortgage on machinery.

3% subordinated mortgage due April 30, 1975

Interest from January 1, 1971

32,950

103,430

Less current maturities on long-term debt

903,430

21,840

\$881,590

5. Accumulated Tax Reductions

The Company has claimed for tax purposes capital cost allowance and other deductions in excess of the amounts recorded in the accounts resulting in accumulated tax reductions of \$427,483. In future years when provision in the accounts may exceed that allowable for taxes the tax on those excess amounts would be charged to the accumulated tax reductions and not against the income of those years.

6. Contingent Liabilities

Guarantees

Bank indebtedness of Clayton Development Limited and one of

its shareholders

\$ 40,277

Employees' mortgages

6,834

7. Capital Stock

During the year the 1,000 issued and outstanding common shares without nominal or par value of the Company were converted into stock and reconverted into 215,000 Class A shares without nominal or par value and 285,000 Class B shares without nominal or par value. The authorized capital was increased by creating a further 43,000 Class A shares and 57,000 Class B shares, none of which was issued during the year. The Class A shares are entitled to fixed cumulative preferential dividends of \$0.60 per share per annum and are non-voting unless and until such dividends are \$1.20 in arrears. The Class B shares are entitled to one vote per share.

8. Capital Redemption Reserve Fund

This account is required by the Nova Scotia Companies Act as a result of the purchase for redemption of preference shares of the Company. It is not available for payment of dividends unless and until transferred to retained earnings under the statutory procedure for reduction of capital.

To the Directors,

L. E. Shaw Limited.

We have examined the consolidated balance sheet of L. E. Shaw Limited and subsidiary companies as at December 31, 1966, and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the foregoing consolidated balance sheet presents fairly the financial position of the companies as at December 31, 1966, in accordance with generally accepted accounting principles applied, except for the change in recording depreciation referred to in Note 2 to the consolidated statement of earnings with which we approve, on a basis consistent with that of the preceding year.

Halifax, N.S.,
February 4, 1967.

(Signed) RIDDELL, STEAD, GRAHAM & HUTCHISON
Chartered Accountants

STATUTORY INFORMATION

1. The full name of the Company is L. E. SHAW LIMITED (hereinafter called the Company). The registered and head office of the Company is 5121 Sackville Street, Halifax, Nova Scotia.

2. The Company was incorporated on May 6, 1931, by memorandum of association pursuant to the provisions of The Nova Scotia Companies Act. The memorandum of association has been altered by special resolutions dated April 23, 1936, confirmed by court order dated April 27, 1936; by resolution dated October 3, 1951; by resolution dated December 12, 1963; by special resolutions confirmed by court order dated February 11, 1964; by resolution dated December 30, 1966, and by special resolution dated December 30, 1966. The last two amendments cancelled the existing 2,000 authorized and unissued 5% non-cumulative redeemable preference shares of \$100 par value each, converted the 1,000 issued and outstanding common shares of the Company without nominal or par value into stock, reconverted such stock into 215,000 Class A shares without nominal or par value and 285,000 Class B shares without nominal or par value, and increased the authorized capital by 43,000 further Class A shares and 57,000 further Class B shares.

3. (a) The general nature of the business actually transacted or to be transacted by the Company and its subsidiaries is the manufacture, sale and installation of clay brick and tile and concrete products, the extraction and sale of sand and gravel, the sale of insurance, and real estate.

(b) The chief objects as contained in the memorandum of association for the performance of which the Company was formed are:

1. To carry on the business of manufacturers of and dealers in bricks, tiles, pipes, pottery, earthen ware, china, terra cotta, and ceramic ware of all kinds;
2. To carry on the business of paviors and manufacturers of and dealers in ordinary stone, whether for building, paving or other purposes;
3. To carry on the business of manufacturing chemists;
4. To manufacture, buy, sell and deal in lime, cement, mortar, concrete and building materials of all kinds and to act as builders and contractors for the execution of works and buildings of all kinds and descriptions;
5. To carry on the business of quarry masters and stone merchants and to buy, sell, get, work, shape, hew, carve, polish, crush and prepare for market or use stone of all kinds;
6. To carry on the business of lumber merchants and manufacturers in all its branches and for that purpose to purchase, lease or otherwise acquire timber and timber limits.

The names, descriptions, and addresses of the signatories to the memorandum of association and the number of shares subscribed for by them respectively are as follows—

Gordon McL. Daley, of 50 Sackville Street, Halifax, N.S., Barrister, one share of no par value.
Katharine M. Ellis, of 50 Sackville Street, Halifax, N.S., Stenographer, one share of no par value.
Isa H. Innes, of 50 Sackville Street, Halifax, N.S., Stenographer, one share of no par value.

4. The names in full, present occupations, and home addresses in full of the officers and directors are as follows—

OFFICERS

RONALD HARRY SHAW	<i>Chairman of the Board</i>	6934 Armview Avenue, Halifax, Nova Scotia.
LLOYD ROBERT SHAW	<i>President</i>	6910 Armview Avenue, Halifax, Nova Scotia.
ROBERT EDWIN JOHNSON	<i>Vice-President — Planning</i>	1035 Greenwood Avenue, Halifax, Nova Scotia.
HAROLD WESLEY PECK	<i>Secretary-Treasurer</i>	37 Mount Pleasant Avenue, Dartmouth, Nova Scotia.

DIRECTORS

RALPH BETTS BRENAN	<i>Food Company Executive</i>	Rothesay, New Brunswick.
MRS. JEAN WINNIFRED COLE	<i>Secretary</i>	1208 Embassy Towers, Halifax, Nova Scotia.
ASHLEY ALEXANDER COLTER	<i>Contractor</i>	Frogmore, Fredericton, New Brunswick.
LAWRENCE FREDERICK DALEY, Q.C.	<i>Barrister</i>	1759 Bloomingdale Terrace, Halifax, Nova Scotia.
JOHN JOSEPH JODREY	<i>Pulp and Paper Company Executive</i>	Hantsport, Nova Scotia.
ROBERT EDWIN JOHNSON	<i>Vice-President — Planning</i>	1035 Greenwood Avenue, Halifax, Nova Scotia.
JOHN ALEXANDER MACPHERSON	<i>Retired</i>	5585 Spring Garden Road, Halifax, Nova Scotia.
BLANCHARD PEARSON McCURDY	<i>Executive</i>	Boulderwood, Halifax County, Nova Scotia.
RONALD HARRY SHAW	<i>Chairman of the Board</i>	6934 Armview Avenue, Halifax, Nova Scotia.
LLOYD ROBERT SHAW	<i>President and General Manager</i>	6910 Armview Avenue, Halifax, Nova Scotia.
RONALD RICHARD SHAW	<i>Engineer</i>	5585 Spring Garden Road, Halifax, Nova Scotia.

5. The auditors of the Company are Riddell, Stead, Graham & Hutchison, Chartered Accountants, 1646 Barrington Street, Halifax, Nova Scotia.

6. The Registrar and Transfer Agent in respect of the Company's Class A shares is the Eastern & Chartered Trust Company, at its offices at 5160 Prince Street, Halifax; 111 Prince William Street, Saint John; 625 Dorchester Blvd., W., Montreal; 1901 Yonge Street, Toronto; and 894 Portage Avenue, Winnipeg, Canada. The Company at its registered office at 5121 Sackville Street, Halifax, Nova Scotia, acts as Registrar and Transfer Agent for its Class B shares.

7. Particulars of the share capital of the Company authorized, issued and paid up are as follows—

	<u>Authorized</u>	<u>Issued and Paid Up</u>
Class A shares without nominal or par value	258,000	215,000
Class B shares without nominal or par value	342,000	285,000

8. A description of respective voting rights, preferences, conversion and exchange rights, rights to dividends, profits or capital of each class of shares, including redemption rights, and rights on liquidation or distribution of capital assets, is as follows—

The Class A shares and Class B shares shall carry and be subject to the rights, privileges, preferences, priorities, limitations, and restrictions hereinafter set forth.

PREFERENTIAL DIVIDEND CLASS A SHARES

1. The holders of the Class A shares shall be entitled to receive, if, as, and when declared by the Board of Directors, out of the moneys of the Company available for the payment of dividends, fixed cumulative preferential dividends at the rate of 60¢ per share per annum, accruing from such date or dates as in the case of each issue is determined by the Board of Directors or, if no date is so determined, from the date of allotment, payable semi-annually on the last days of June and December in each year to the holders of record thereof as of such dates (not less than 21 days before the date of payment) as the Directors determine at the time of the declaration of any such dividend, and no dividend may at any time be declared or paid or set aside for payment upon the Class B shares until all cumulative preferential dividends on the Class A shares up to and including the dividends payable during the current calendar year have been declared, paid, or set aside for payment.

FIRST DIVIDEND

2. No dividends shall be paid on either the Class A shares or the Class B shares before the last day of June, 1967.

PREFERENTIAL DIVIDEND CLASS B SHARES

3. After all cumulative preferential dividends on the Class A shares up to and including the dividend payable during the current calendar year have been declared and paid or set aside for payment, the holders of the Class B shares shall be entitled before any further dividends are declared and paid or set aside for payment during such current calendar year on the Class A shares to receive out of the moneys of the Company available for the payment of dividends, if, as, and when declared by the Board of Directors, cash dividends for such current calendar year in such amount not exceeding 60¢ per share as the Directors determine, but such dividends on the Class B shares shall be non-cumulative, whether earned or not, and if in any calendar year the Board of Directors in its discretion does not declare dividends aggregating 60¢ per share on the Class B shares, then the right of the holders of the Class B shares to such dividends or to any greater dividend than the dividends actually declared for such calendar year shall be forever extinguished. No dividend other than a cash dividend may be paid or distributed to the holders of the Class B shares before cash dividends aggregating 60¢ per share have been declared and paid or set aside for payment on those shares as aforesaid for such year.

PARTICIPATING DIVIDENDS

4. Whenever in any calendar year dividends aggregating 60¢ per share have been declared and paid or set aside for payment on all the Class A shares at the time outstanding and cash dividends aggregating 60¢ per share have been declared and paid or set aside for payment on all the Class B shares at the time outstanding in accordance with the provisions of the preceding paragraphs hereof, any and all further dividends in such calendar year, whether cash dividends or otherwise, shall be declared and paid or set aside for payment in equal amounts per share on all the Class A shares and all the Class B shares at the time outstanding, share and share alike, without preference or priority of one share over another.

RIGHTS ON LIQUIDATION

5. In the event of the liquidation, dissolution, or winding up of the Company or other distribution of its assets among the shareholders (other than by way of dividends out of moneys of the Company available for payment of dividends) the holders of Class A shares shall first be entitled to receive an amount equal to any unpaid cumulative preferential dividends thereon, whether declared or not, and thereafter the holders of the Class A shares and the holders of the Class B shares shall be entitled to share equally, share for share, in all distributions of the assets of the Company.

LIMITED AND SPECIAL VOTING RIGHTS OF CLASS A SHARES

6. Except as herein specifically provided or as required by the Companies Act, the holders of the Class A shares shall not be entitled to receive notice of or to attend any meetings of the shareholders of the Company and shall not be entitled to vote at any such meeting unless and until the Company is in default in the payment of at least in the aggregate four semi-annual dividends (whether or not consecutive) on the Class A shares as hereinbefore provided, whether or not such dividends have been declared and whether or not there are any moneys of the Company available for the payment of the dividends. Thereafter, so long as any dividends on the Class A shares remain in arrears, the holders of the Class A shares shall be entitled to receive notice of all meetings of Class B shareholders of the Company and shall be entitled to attend and vote thereat, and, in addition, the holders of the Class A shares, voting together as a class, shall have the right to vote for and elect two members to the Board of Directors of the Company. When all arrears of dividends on all outstanding Class A shares have been paid, the right of the holders of the Class A shares to receive notice of such meetings and to attend and vote thereat and to elect two directors in respect of such Class A shares shall cease unless and until four semi-annual dividends on the Class A shares are again in arrears and unpaid, whereupon the holders of the Class A shares shall again have the right to receive notice and to vote and to elect directors as above provided, and so on from time to time. The divesting of such special voting power at any time shall not in any manner affect the authority of the Board of Directors of the Company to act for its term of office.

ADDITIONAL SHARE CAPITAL

7. Subject to the provisions of the Companies Act, the Company, without the approval of the Class A shareholders, may create and issue shares with prior rights to the Class A shares and may increase or reduce the number of such other shares or alter any or all of the rights, restrictions, conditions, or limitations attaching to or affecting such other shares; and the Company may from time to time, without the approval of the Class A shareholders, create and issue additional Class A shares having in all respects the same rights, restrictions, limitations, and conditions as attach to the existing Class A shares.

NO PRE-EMPTIVE RIGHTS

8. No holder of shares of any class shall be entitled as of right to subscribe for any part of any issue of shares or of bonds, debentures, or other securities of the Company now or hereafter authorized. If, however, any such right to subscribe is hereafter granted to or acquired by the holders of the Class B shares as a class, the holders of Class A shares as a class shall have the same right to subscribe, share for share.

SUBDIVISION AND CONSOLIDATION

9. So long as any of the Class A shares are outstanding the Company shall not without, but may from time to time with, the approval of the holders of the Class A shares, subdivide or consolidate Class A shares or Class B shares in the capital stock of the Company.

AMENDMENT OF RIGHTS OF CLASS A SHARES

10. The rights and provisions attaching to the Class A shares may be repealed, altered, modified, amended, or amplified in accordance with the provisions of the Companies Act, but only with the prior approval of the holders of the Class A shares.

MEETINGS OF CLASS A SHAREHOLDERS

11. The approval of the holders of the Class A shares as to any and all matters referred to herein (except as to the election of two directors where that right is given to the Class A shareholders herein, which may be by majority vote) may be given by resolution passed at a meeting of the holders of the

Class A shares duly called and held upon at least twenty-one (21) days notice at which the holders of at least one-third ($\frac{1}{3}$) of the outstanding Class A shares are present or represented by proxy and carried by the affirmative vote of the holders of not less than two-thirds ($\frac{2}{3}$) of the Class A shares represented and voted at such meeting cast on a poll. If at any such meeting the holders of one-third ($\frac{1}{3}$) of the Class A shares are not present or represented by proxy within half an hour after the time appointed for the meeting, then the meeting shall be adjourned to such date being not less than fifteen (15) days later and to such time and place as are appointed by the Chairman of the meeting, and at least ten (10) days notice shall be given of such adjourned meeting, but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of the Class A shares present or represented by proxy may transact the business for which the meeting was originally convened, and a resolution passed thereat by the affirmative votes of the holders of not less than two-thirds ($\frac{2}{3}$) of the Class A shares represented and voted at such adjourned meeting cast on a poll shall constitute approval of the holders of the Class A shares hereinbefore referred to. The formalities to be observed with respect to the giving of notice of any such meeting or adjourned meeting and in the conduct thereof shall be those from time to time prescribed in the Articles of Association of the Company with respect to meetings of shareholders. On every poll taken at any such meeting or adjourned meeting every holder of Class A shares shall be entitled to one vote in respect of each Class A share held.

VOTING RIGHTS OF CLASS B SHARES

12. The holders of the Class B shares shall be entitled to one vote in person or by proxy at all general meetings of shareholders in respect of each Class B share held.

9. The Company has no bonds or debentures outstanding or proposed to be issued, nor does it have any other securities issued or proposed to be issued ranking ahead of or pari passu with the shares offered by this prospectus, except —

(a) A First Mortgage Bond in the principal amount of \$800,000 bearing interest at the rate of 5% per annum. This Bond was issued under and is secured by a Deed of Trust and Mortgage dated as of the 1st day of February, 1956, made between the Company and The Eastern Trust Company (now the Eastern & Chartered Trust Company) as trustee, which constitutes a first fixed specific mortgage, pledge and charge upon the real property, buildings, fixed plant and fixed machinery and fixed equipment thereon now owned or hereafter acquired and a first floating charge on all its other property for the time being both present and future. The floating charge does not hinder or prevent the Company, until the security constituted by the Deed of Trust and Mortgage shall have become enforceable and the trustee shall have determined or become bound to enforce the same, from paying dividends out of profits or otherwise disposing of or dealing with its property and assets (other than the specifically mortgaged premises) in the ordinary course of its business and for the purpose of carrying on the same. As set forth in the financial statements included in this prospectus, the first mortgage bond has been issued to secure a capital bank loan payable by the Company. As of December 31, 1966, \$800,000 of the Company's bank loans were considered by the bank to be a long-term debt due for repayment 2 years from that date or earlier at the option of the Company;

(b) A guarantee given by the Company of the obligation of its subsidiary, Nova Scotia Sand & Gravel Limited, to a financial institution up to a maximum amount of \$20,000;

(c) Guarantees given by the Company of the liabilities of an affiliated company, Clayton Development Limited, to a chartered bank to the extent of \$27,777;

(d) A guarantee given by the Company of the liability of a shareholder of Clayton Development Limited, to a chartered bank to the extent of \$12,500;

(e) Guarantees given by the Company of the liability of certain of its employees under mortgages of their homes at Lantz, Nova Scotia. As of December 31, 1966, there were 3 such mortgages, and the total of such guarantees outstanding at that date was \$6,834.

10. The Company does not propose to create or assume any substantial indebtedness that is not shown in the balance sheet as at December 31, 1966, forming part of this prospectus.

11. There are no securities of the Company covered by options outstanding or proposed to be given by the Company. Reference is made, however, to paragraph 16 hereof.

12, 13, 14, 15 & 16. The number of securities offered by this prospectus and the price at which they are being offered to the public and the terms thereof are as stated on page 1 of this prospectus, to which reference is hereby expressly made. The shares being offered hereby are all outstanding and fully paid-up shares of the Company now held by shareholders. No portion of the net proceeds of the shares being offered hereby is to be paid to the Company, and no minimum amount must be raised by the issue thereof. No securities of the Company have been offered for subscription within the two years preceding the date of this prospectus.

It is estimated that the Company will pay some \$15,000 in fees and expenses in connection with the reorganization of its capital structure and the qualification of its Class A shares for sale to the public. It is estimated that the selling shareholders will pay some \$5,000 in connection with the offering of the Class A shares to the public and that the net proceeds of the issue will be \$1,801,000.

By agreement dated March 14, 1967, between all the holders of the Class A shares and Richardson Securities of Canada, 173 Portage Avenue East, Winnipeg 2, Manitoba, on its own behalf as underwriter, the said shareholders agreed to sell and the said underwriter agreed to purchase the 215,000 Class A shares offered by this prospectus at a price of \$8.40 per share for an aggregate consideration of \$1,806,000 payable in cash to the said shareholders against delivery of the Class A shares in definitive form on or about April 6, 1967, all upon the terms and conditions in the said agreement set forth.

The number of Class A shares beneficially owned by each of the selling shareholders at the date of this prospectus and agreed to be sold by them to Richardson Securities of Canada is as follows:

<u>Name of selling shareholder</u>	<u>Address of selling shareholder</u>	<u>Class A shares held and agreed to be sold</u>
Mrs. Jean W. Cole	1208 Embassy Towers, Halifax, Nova Scotia.	215
Jean Cole Investment Ltd. (100% of the voting shares beneficially owned by Mrs. Jean W. Cole)	c/o Daley, Black, Moreira & Piercy, Canada Permanent Building, Halifax, Nova Scotia.	43,000
Leon A. Cole	22 Woodward Crescent, Rockingham, Halifax Co., N.S.	430

<u>Name of selling shareholder</u>	<u>Address of selling shareholder</u>	<u>Class A shares held and agreed to be sold</u>
Miss Lesley O. Cole	1208 Embassy Towers, Halifax, Nova Scotia.	430
Estate Greta S. Johnson	c/o R. D. Johnson, Eastons Corners, Ontario.	10,750
Estate Hon. F. B. McCurdy	Eastern & Chartered Trust Co., Hollis Street, Halifax, Nova Scotia.	43,000
Mrs. Alexa A. McDonough	2565 Kline Street, Halifax, Nova Scotia.	215
Allan C. Shaw	Spring Garden Terrace, Halifax, Nova Scotia.	430
Mrs. M. Jean Shaw	6910 Armview Avenue, Halifax, Nova Scotia.	3,440
Leon M. Shaw	6934 Armview Avenue, Halifax, Nova Scotia.	12,470
L. Robert Shaw, Jr.	1135 Queen Street, Halifax, Nova Scotia.	1,075
Lloyd R. Shaw	6910 Armview Avenue, Halifax, Nova Scotia.	215
Mrs. Nora Shaw	6934 Armview Avenue, Halifax, Nova Scotia.	1,935
R. H. Shaw Investments Ltd. (100% of the voting shares beneficially owned by Ronald H. Shaw)	6934 Armview Avenue, Halifax, Nova Scotia.	55,255
R. Richard Shaw	Spring Garden Terrace, Halifax, Nova Scotia.	430
Shorarm Investments Co. Ltd. (100% of the voting shares beneficially owned by Lloyd R. Shaw)	c/o L. E. Shaw Limited, No. 1 Sackville Place, Halifax, Nova Scotia.	41,495
Mrs. Donna J. Tingley	1160 Seena Avenue, Los Altos, California, U.S.A.	215
	Total	215,000

17. The articles of association of the Company contain the following provisions with respect to remuneration of directors:

101. The Directors shall be paid out of the funds of the Company by way of remuneration for their service such sums, if any, as the Company in general meeting may determine and such remuneration shall be divided among them in such proportions and manner as the directors may determine; the directors may also be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attendance at board meetings and otherwise in the execution of their duties as directors.

103. A Director may hold any other office or place of profit under the Company in conjunction with the office of Director, and on such terms as to remuneration and otherwise as the Directors arrange.

130. If any Director being willing is called upon to perform extra services or to make any special exertions in going or residing abroad or otherwise for any of the purposes of the Company, or the business thereof, the Company may remunerate the Director so doing, either by a fixed sum or by a percentage of profits or otherwise, as may be determined by the Directors, and such remuneration may be either in addition to or in substitution for his share in the remuneration above provided.

139. The Company may employ or retain a solicitor or solicitors, and such solicitor may, at the request of the Board of Directors, or on instructions of the Chairman of the Board, or the President or Managing Director, attend meetings of the Directors or Shareholders, whether or not he, himself, is a member or Director of the Company. If a Solicitor is also a Director he may nevertheless charge for services rendered to the Company as a Solicitor.

18. No remuneration was paid by the Company during its financial year ending December 31st, 1966, to directors as such. The estimated aggregate remuneration to be paid or payable during the current financial year to directors as such is \$1,500. The aggregate remuneration paid during the last financial year of the Company to officers of the Company who individually received remuneration in excess of \$10,000 per annum was \$85,162. Two directors, who were employees but not officers of the Company, each earned in excess of \$10,000 per annum, for a total remuneration during the last financial year of the Company of \$24,941. It is estimated that the aggregate remuneration to be paid during the current financial year to officers who individually may be entitled to receive remuneration in excess of \$10,000 per annum will be approximately \$92,200. One director, who is an employee but not an officer of the Company, is expected to earn in excess of \$10,000 per annum, for a total estimated remuneration during the current financial year of \$12,700. The aggregate remuneration paid by subsidiary companies to their directors, who were either officers or directors of the Company, during the last financial year of the subsidiary companies was \$2,750, and no additional remuneration was paid by any subsidiary to the officers of the Company. The aggregate remuneration for the current financial year to be paid by the subsidiary companies to their directors, who are either officers or directors of the Company, is estimated at approximately \$2,750, and no additional remuneration is expected to be paid by any subsidiary to the officers of the Company.

19. No amount has been paid during the two years immediately preceding the date hereof or is now payable as commission by the Company for subscribing or agreeing to subscribe or for procuring or agreeing to procure subscriptions for any shares in or obligations of the Company.

20. The Company has carried on business since May 6, 1931.

21. & 22. No property is proposed to be purchased or acquired and no property has been purchased or acquired by the Company within the last two preceding years the purchase price of which is to be or has been paid for in whole or in part in securities of the Company or out of the proceeds of securities of the Company. No property has been purchased or acquired by the Company or is proposed to be purchased or acquired the purchase or acquisition of which has not been completed at the date of this prospectus, except under transactions entered into in the ordinary course of the Company's operations or on the general credit of the Company.

23. (a) In the two preceding years no securities have been issued or agreed to be issued as wholly or partly paid up otherwise than in cash.

(b) Since its incorporation no shares have been issued by the Company for property acquired by it except pursuant to an agreement dated May 30, 1931, under which the Company issued 1,700 Class B preferred shares at their par value of \$100 each and 997 common shares of no par value, at a stated value of \$5 each, for a total purchase price of \$174,985, in exchange for the net assets of the former L. E. Shaw, Limited, incorporated in 1921. By special resolution dated April 23, 1936, the Company cancelled all of its issued and outstanding Class B preferred shares as not being represented by available assets. The 997 common shares represented 99.7% of the issued and outstanding common shares of the Company and were entitled to participate accordingly in distributions of profits of the Company. Transferees of these shares held 99.7% of the common shares issued and outstanding at the time the common shares were subdivided into Class A and Class B shares by special resolution dated December 30, 1966.

24. No obligations are offered by this prospectus.

25. No services rendered or to be rendered to the Company have been paid for within the last two years or are to be paid for by securities of the Company or out of the proceeds of securities of the Company.

26. No amount has been paid within the two preceding years or is intended to be paid to any promoter.

27. The Company has not entered into any material contracts within the two years preceding the date of this prospectus other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company, except—

(a) A contract dated August 6, 1965, under which the Company acquired 1,530 common shares of C. & M. Pelly Limited (whose name was subsequently changed to Pelly-Shaw Newfoundland Limited), representing 51% of the issued common shares of that Company in consideration of the sum of \$30,600. The price was determined by negotiation.

(b) A contract dated March 23, 1966, under which the Company acquired 75% of the issued and outstanding preferred shares and 75% of the issued and outstanding common shares of Nova Scotia Sand & Gravel Limited, Shubenacadie, Nova Scotia in consideration of the sums of \$21,420 and \$147,053 respectively. The price for the preferred shares was par, for the common shares determined by negotiation.

(c) The contract referred to in paragraph 31 hereof.

Copies of the said contracts may be inspected at the office of the Company, 5121 Sackville Street, Halifax, Nova Scotia, during ordinary business hours during the period of primary distribution to the public of the shares offered hereby and for a period of thirty (30) days thereafter.

28. No director or any firm in which a director is a partner is interested in any property now proposed to be acquired by the Company.

29. The Company and its subsidiary companies that carry on business have all been carrying on business for more than three years, and the Company has not acquired and does not propose to acquire either by direct acquisition or indirectly by ownership of shares or otherwise a business that has been carried on for less than three years.

30. There are no persons who, by reason of beneficial ownership of securities of the Company or any agreement in writing, are in a position or are entitled to elect or cause to be elected a majority of the directors of the Company. Ronald Harry Shaw, Lloyd Robert Shaw, Jean Winnifred Cole and Leon Morse Shaw and their immediate families and holding companies under their control beneficially own between them 75% of the Class B shares of the Company.

31. No securities of the Company are held in escrow, except 121,125 Class B shares held by Eastern & Chartered Trust Company under an escrow agreement dated March 17, 1967, between Trustees Estate Hon. F. B. McCurdy, R. H. Shaw Investments Limited, Shorarm Investments Company Limited and Jean Cole Investment Limited, of the first part, the Company, of the second part, and Eastern & Chartered Trust Company, of the third part, which provides that such shares may be released from escrow or transferred on the books of the Company on April 1, 1972, or such earlier date as is agreed to by the Ontario Securities Commission and the Quebec Securities Commission. However, with the consent of the Ontario Securities Commission and the Quebec Securities Commission, one such share may be released before that date in respect of each 90¢ by which the consolidated net earnings of the Company in any fiscal year after December 31, 1966, exceed its consolidated net earnings for the year ended December 31, 1966.

32. Dividends have been paid on the common shares of the Company as follows during the five years preceding the date of this prospectus.

<u>Year</u>	<u>Number of Common Shares Outstanding at Date of Dividend</u>	<u>Rate of Cash Dividends per Common Share</u>	<u>Aggregate Common Share Cash Dividends</u>	<u>Aggregate Stock Dividends in Redeemable Preference Shares of \$100 par value</u>	<u>Rate of Stock Dividends per Common Share</u>
1962	1,000	\$ 5.50	\$ 5,500	—	—
1963	1,000	45.00	45,000	—	—
1964	1,000	—	—	\$100,000	\$100.00
1965	1,000	40.00	40,000	—	—
1966	1,000	80.00	80,000	—	—

No dividends have been paid by the Company since the common shares of the Company were subdivided into Class A and Class B shares by special resolution dated December 30, 1966. No dividends have been paid on preference shares of the Company since 1961, and there are no preference shares of the Company presently outstanding.

33. The articles of association of the Company provide that the qualification of a Director shall be the holding of at least one share in the Company of a class entitled to vote at general meetings of the Company.

34. There are no other material facts not disclosed in the foregoing statutory information or in the information preceding the statutory information.

Halifax, N.S.

Dated: March 17, 1967.

The foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part VII of the Securities Act, 1962 (British Columbia), Part IX of The Securities Act, 1955 (Alberta), by Section 43 of The Securities Act, 1965 (Saskatchewan), by Section 39 of The Securities Act (Ontario), under the Securities Act (Quebec), Section 13 of The Securities Act (New Brunswick), and by the Companies Act (Nova Scotia), and there is no further material information applicable other than in the financial statements or reports where required or exigible.

DIRECTORS

(Signed) B. P. McCurdy

(Signed) Jean Cole

(Signed) L. R. Shaw

(Signed) R. E. Johnson

(Signed) L. F. Daley

(Signed) R. H. Shaw

(Signed) R. R. Shaw

Ralph Betts Brenan
(Signed) By Ronald H. Shaw
his Attorney

UNDERWRITER

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts in respect of the offering of securities referred to above as required by Part VII of the Securities Act, 1962 (British Columbia), by Part IX of The Securities Act, 1955 (Alberta), by Section 43 of The Securities Act, 1965 (Saskatchewan), by Section 39 of The Securities Act (Ontario), under the Securities Act (Quebec), Section 13 of The Securities Act (New Brunswick), and by the Companies Act (Nova Scotia), and there is no further material information applicable other than in the financial statements or reports where required or exigible. In respect of matters which are not within our knowledge, we have relied upon the accuracy and adequacy of the foregoing.

RICHARDSON SECURITIES OF CANADA

By (Signed) Alan George Thompson
Attorney

The following includes the name of every person having an interest, either directly or indirectly, to the extent of not less than five per centum in the capital of Richardson Securities of Canada: James A. Richardson, George T. Richardson.

AUDITORS

The auditors of the Company are Messrs. Riddell, Stead, Graham & Hutchison, Chartered Accountants, 1646 Barrington Street, Halifax, Nova Scotia.

12.

DIRECTORS

Ralph Betts Brenan	Food Company Executive	Rothesay, New Brunswick
Mrs. Jean Winnifred Cole	Secretary	1208 Embassy Towers, Halifax, Nova Scotia
Ashley Alexander Colter	Contractor	Frogmore, Fredericton, New Brunswick
Lawrence Frederick Daley, Q.C.	Barrister	1759 Bloomingdale Terrace Halifax, Nova Scotia
John Joseph Jodrey	Pulp and Paper Company Executive	Hantsport, Nova Scotia
Robert Edwin Johnson	Vice President — Planning	1035 Greenwood Ave., Halifax, Nova Scotia
John Alexander Macpherson	Retired	5585 Spring Garden Road, Halifax, Nova Scotia
Blanchard Pearson McCurdy	Financial Executive	Boulderwood, Halifax County, Nova Scotia
Ronald Harry Shaw	Chairman of the Board	6934 Armview Avenue, Halifax, Nova Scotia
Lloyd Robert Shaw	President	6910 Armview Avenue, Halifax, Nova Scotia
Ronald Richard Shaw	Engineer	5585 Spring Garden Road, Halifax, Nova Scotia

13.

OFFICERS

Ronald Harry Shaw	Chairman of the Board	6934 Armview Avenue, Halifax, Nova Scotia
Lloyd Robert Shaw	President	6910 Armview Avenue, Halifax, Nova Scotia
Robert Edwin Johnson	Vice President — Planning	1035 Greenwood Avenue, Halifax, Nova Scotia
Harold Wesley Peck	Secretary-Treasurer	37 Mount Pleasant Avenue, Dartmouth, Nova Scotia

CERTIFICATE

Pursuant to a resolution passed by the board of directors the applicant Company hereby applies for listing of the above mentioned securities on The Toronto Stock Exchange, and the undersigned officers thereof hereby certify that the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

L. E. SHAW LIMITED



"R. H. SHAW"
Chairman of the Board

"HAROLD W. PECK"
Secretary-Treasurer

15.

CERTIFICATE OF UNDERWRITERS

To the best of our knowledge, information and belief, all of the statements and representations made in this application and in the documents submitted in support thereof are true and correct.

RICHARDSON SECURITIES OF CANADA

"F. N. HUGHES"

DISTRIBUTION OF CLASS A STOCK AS OF APRIL 10, 1967

Number				Shares
19 Holders of	1	—	24 share lots	290
145 " "	25	—	99 "	6,209
189 " "	100	—	199 "	19,945
59 " "	200	—	299 "	12,325
30 " "	300	—	399 "	9,240
11 " "	400	—	499 "	4,400
24 " "	500	—	999 "	12,830
<u>19</u> " "	<u>1000</u>	<u>—</u>	<u>up</u> "	<u>149,761</u>
496 Shareholders			Total shares	215,000